## Senate File 599 - Introduced

SENATE FILE 599
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 279)

## A BILL FOR

- 1 An Act relating to hemp, including the regulation of hemp,
- 2 providing for enforcement and the confiscation and
- 3 destruction or disposal of certain property, providing for
- 4 fees, including penalties, and providing implementation and
- 5 effective date provisions.
- 6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 DIVISION I

- 2 IOWA HEMP ACT
- 3 Section 1. NEW SECTION. 204.1 Short title.
- 4 This chapter shall be known as the "Iowa Hemp Act".
- 5 Sec. 2. NEW SECTION. 204.2 Definitions.
- 6 As used in this chapter, unless the context otherwise
- 7 requires:
- 8 1. "Controlled substance" means the same as defined in 21
- 9 U.S.C. §§802 and 812, including as those sections are amended
- 10 in §12619 of the federal hemp law or as that phrase is defined
- ll in Tit. IV, subtitle 1 of this Code.
- 12 2. "Conviction" means a conviction for an indictable offense
- 13 and includes a guilty plea, deferred judgment from the time of
- 14 entry of the deferred judgment until the time the defendant is
- 15 discharged by the court without entry of judgment, or other
- 16 finding of guilt by a court of competent jurisdiction.
- 3. "Crop site" or "site" means a single contiguous parcel
- 18 of agricultural land suitable for the planting, growing, or
- 19 harvesting of hemp, if the parcel does not exceed forty acres.
- 20 4. "Department" means the department of agriculture and land
- 21 stewardship.
- 22 5. "Federal hemp law" means that part of Tit. X of the
- 23 Agriculture Improvement Act of 2018, Pub. L. No. 115-334, that
- 24 authorizes hemp production according to a state plan approved
- 25 by the United States department of agriculture, as provided in
- 26 §10113 of that Act, amending the Agricultural Marketing Act
- 27 of 1946, 7 U.S.C. §1621 et seq., including by adding §§297A
- 28 through 297E.
- 29 6. "Hemp" means a plant that meets the definition of hemp
- 30 under federal hemp law, or another plant of the same genus but
- 31 only to the extent allowed under federal hemp law.
- 32 7. "Hemp license" or "license" means a hemp license issued
- 33 pursuant to section 204.4.
- 34 8. a. "Hemp product" means an item derived from or made by
- 35 processing hemp or parts of hemp.

- 1 b. "Hemp product" does not include hemp seed that is capable
  2 of germination.
- 3 9. "Law enforcement agency" means the department of public
- 4 safety, an office of county sheriff, or a municipal police
- 5 department.
- 6 10. "Licensee" means a person who obtains a hemp license
- 7 from the department under this chapter.
- 8 Sec. 3. NEW SECTION. 204.3 State plan.
- 9 1. The department shall prepare a state plan to be
- 10 submitted to the United States secretary of agriculture under
- 11 the federal hemp law. Upon approval of the state plan, the
- 12 department shall assume primary regulatory authority over the
- 13 production of hemp in this state as provided in this chapter.
- 14 The department may submit any number of amended state plans
- 15 to the United States secretary of agriculture or any number
- 16 of amendments to a state plan approved by the United States
- 17 secretary of agriculture.
- 18 2. The department shall prepare the state plan, any amended
- 19 state plan, or amendment to an approved state plan, by adopting
- 20 rules pursuant to chapter 17A. The department may adopt the
- 21 rules on an emergency basis as provided in section 17A.4,
- 22 subsection 3, and section 17A.5, subsection 2, and the rules
- 23 shall be effective immediately upon filing unless a later date
- 24 is specified in the rules.
- 25 Sec. 4. NEW SECTION. 204.4 Hemp license requirements.
- 26 1. The department shall establish and administer a process
- 27 to receive, evaluate, and approve or disapprove applications
- 28 for a hemp license.
- 29 2. The department shall prepare and publish one or more
- 30 hemp license application forms. A completed application form
- 31 submitted to the department shall contain all of the following:
- 32 a. The applicant's full name and residence address.
- 33 b. A legal description and map of each crop site where the
- 34 applicant proposes to produce the hemp.
- 35 c. The number of crop acres to be used for hemp production.

- 1 d. The name of the hemp variety.
- 2 e. Any other information required by the department in order
- 3 to administer and enforce the provisions of this chapter.
- 4 3. The department may do all of the following:
- 5 a. Require that all or some hemp licenses expire on the same 6 date.
- 7 b. Provide a different application form and requirements
- 8 relating to the submission, evaluation, and approval or
- 9 disapproval of an application for a renewed hemp license
- 10 consistent with federal law.
- 11 4. An applicant shall not be issued a hemp license unless
- 12 the applicant agrees to comply with all terms and conditions
- 13 relating to the department's regulation of a licensee.
- 14 5. A person may hold any number of hemp licenses at the same
- 15 time. However, the person shall not hold a legal or equitable
- 16 interest in a licensed crop site, if the total number of acres
- 17 of all licensed crop sites in which the person holds all such
- 18 interests equals more than forty acres.
- 19 6. An initial hemp license expires one year from the date
- 20 of issuance and may be issued on a renewal basis annually. The
- 21 department may require that a licensee apply for an amended or
- 22 new initial license if information contained in the existing
- 23 application is no longer accurate or is incomplete.
- 7. Information received on an application form shall be
- 25 maintained by the department for not less than three years.
- 26 8. The department shall disapprove the application of a
- 27 person for good cause, which shall include, but is not limited
- 28 to, any of the following:
- 29 a. The conviction of a felony within the prior ten years or
- 30 any conviction of a controlled substance offense within that
- 31 same period, regardless of whether either type of conviction is
- 32 in this state or another state.
- 33 b. The revocation of a hemp license under section 204.11,
- 34 or the revocation of a license, permit, registration, or other
- 35 authorization to produce hemp in any other state.

- 9. A hemp license shall be suspended or revoked as provided in section 204.11.
- 3 Sec. 5. NEW SECTION. 204.5 Hemp fees.
- The department shall impose, assess, and collect the
- 5 following hemp fees:
- 6 a. A license fee which shall be paid by a person being
- 7 issued a hemp license as provided in section 204.4.
- 8 b. An inspection fee which shall be paid by a licensee for
- 9 an inspection of a licensee's crop site as provided in section 10 204.8.
- 11 2. a. For each hemp license, the license fee shall be
- 12 imposed on an interim basis until June 30, 2022. The amount of
- 13 the license fee shall not be more than the following:
- 14 (1) Five hundred dollars plus five dollars per acre, for
- 15 each site that is five acres or less.
- 16 (2) Seven hundred and fifty dollars, plus five dollars per
- 17 acre, for each site that is more than five acres but less than
- 18 ten acres.
- 19 (3) One thousand dollars plus five dollars per acre, for
- 20 each site is more than ten acres.
- 21 b. For an annual inspection, an inspection fee shall be
- 22 imposed on an interim basis until June 30, 2022. The amount
- 23 of the inspection fee shall not be more than one thousand
- 24 dollars. The department, during the interim period, may charge
- 25 an additional inspection fee of not more than one thousand
- 26 dollars for each inspection of a licensee's crop site, if the
- 27 inspection is conducted upon the request of the licensee.
- 28 c. This subsection is repealed on July 1, 2022.
- 29 3. a. The department shall adopt rules to establish hemp
- 30 fees for the issuance of a hemp license pursuant to section
- 31 204.4.
- 32 b. The department shall adopt rules to establish hemp fees
- 33 for the annual inspection of a licensee's crop site pursuant
- 34 to section 204.8. The rules may provide that the department
- 35 charge an additional inspection fee for each inspection of a

- 1 licensee's crop site, if the inspection is conducted upon the
- 2 request of the licensee.
- c. The total amount of hemp fees collected by the
- 4 department pursuant to this section shall not be more than the
- 5 department's estimate of the total amount of revenues necessary
- 6 to administer and enforce the provisions of this chapter based
- 7 on the expected revenue collected from the hemp fees and the
- 8 costs to be incurred by the department in administering and
- 9 enforcing the provisions of this chapter for the succeeding
- 10 twelve-month period.
- 11 d. The department may establish different rates for any
- 12 category of hemp fees based on criteria determined relevant by
- 13 the department, which may include the number of acres of the
- 14 crop site and the type of hemp license issued.
- 15 e. (1) The rules shall first take effect immediately after
- 16 the repeal of subsection 2.
- 17 (2) This paragraph "e" is repealed immediately after the
- 18 rules described in this subsection take effect.
- 19 4. The license fee and any annual inspection fee shall
- 20 be collected by the department at the time the hemp license
- 21 application is submitted.
- 22 5. Any hemp fee collected by the department under this
- 23 section shall be deposited in the hemp fund established
- 24 pursuant to section 204.6.
- 25 6. The department may refund all or any part of a hemp fee
- 26 collected under this section.
- 27 Sec. 6. NEW SECTION. 204.6 Hemp fund.
- 28 1. A hemp fund is established in the state treasury under
- 29 the management and control of the department.
- 30 2. The hemp fund shall include moneys collected by the
- 31 department from hemp fees imposed and assessed under section
- 32 204.5 and moneys appropriated by the general assembly for
- 33 deposit in the hemp fund. The hemp fund may include other

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- 34 moneys available to and obtained or accepted by the department,
- 35 including moneys from public or private sources.

- 3. Moneys in the hemp fund are appropriated to the
- 2 department and shall be used exclusively to carry out the
- 3 responsibilities conferred upon the department under this
- 4 chapter as determined and directed by the department, and
- 5 shall not require further special authorization by the general
- 6 assembly.
- 7 4. a. Notwithstanding section 12C.7, interest or earnings
- 8 on moneys in the hemp fund shall be credited to the hemp fund.
- 9 b. Notwithstanding section 8.33, moneys credited to the
- 10 hemp fund that remain unexpended or unobligated at the end of a
- 11 fiscal year shall not revert to any other fund.
- 12 Sec. 7. NEW SECTION. 204.7 Regulations.
- 13 1. The department may adopt rules regulating the
- 14 production, handling, transporting, or marketing of hemp
- 15 produced on a licensee's crop site. The rules may provide
- 16 different requirements that apply to nonseed parts of hemp and
- 17 hemp seed, including the certification of hemp seed.
- 18 2. a. Notwithstanding any other provision of law to
- 19 the contrary, hemp that is or was produced in this state in
- 20 compliance with this chapter is in accordance with federal hemp
- 21 law and is not a controlled substance.
- 22 b. Notwithstanding any other provision of law to the
- 23 contrary, hemp that is or was produced in another state in
- 24 accordance with federal hemp law is not a controlled substance.
- 25 3. Nothing in this chapter prohibits a person from
- 26 producing, handling, transporting, marketing, or processing a
- 27 hemp product.
- 28 Sec. 8. NEW SECTION. 204.8 Annual inspection and official
- 29 test.
- 30 1. The department shall conduct an annual inspection of
- 31 a licensee's crop site to determine if the crop produced at
- 32 the site qualifies as hemp under this section. The annual
- 33 inspection shall include obtaining a sample of plants that
- 34 are part of the crop and providing for an official test of
- 35 that sample. The inspection shall be conducted as provided in

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1 section 204.9.

- 2. A licensee shall deliver a notice to the department
  3 stating the expected harvest date for the crop produced at the
  4 licensee's crop site. The department must receive the notice
  5 at least thirty days prior to the expected harvest date. The
  6 department shall conduct an inspection of the site within
  7 thirty days prior to the actual harvest date. The licensee
- 8 shall not harvest any portion of a crop produced at the site
- 9 unless the department notifies the licensee that the crop
- 10 qualifies as hemp pursuant to the results of an official test.
- 11 3. The official test shall be a composite test of the
- 12 plants obtained by the department from the licensee's crop site
- 13 during an inspection and shall be conducted by the laboratory
- 14 designated by the department. The sample must have maximum
- 15 concentration of delta-9 tetrahydrocannabinol that does not
- 16 exceed three-tenths of one percent on a dry weight basis. The
- 17 laboratory's official test results indicating that a sample
- 18 exceeds that percentage shall be conclusive evidence that the
- 19 crop produced at a site does not qualify as hemp.
- 20 Sec. 9. NEW SECTION. 204.9 Right of access.
- 21 1. The department, including an authorized inspector,
- 22 employee, or agent of the department, may enter onto a crop
- 23 site during reasonable hours to determine whether a licensee
- 24 is acting in compliance with the provisions of this chapter.
- 25 The department may also enter into any structure, other than a
- 26 dwelling, if the structure is located on or in close proximity
- 27 to the crop site, and the use of such structure is directly
- 28 related to the planting, growing, or harvesting of hemp,
- 29 including but not limited to a barn, machine shed, greenhouse,
- 30 or storage crib.
- 31 2. The department may obtain a sample of plants that are
- 32 part of the crop and provide for an official test of that
- 33 sample in the same manner as provided in section 204.8 even
- 34 though the department is not conducting an annual inspection.
- 35 The department shall not assess or collect a fee, other than a

- 1 hemp fee as provided in section 204.5.
- A person shall not prevent the department from
- 3 administering this section by any means, including but not
- 4 limited to any act, including a refusal to allow entry,
- 5 misrepresentation, omission, or concealment of facts.
- 6 4. The licensee shall not harvest any portion of a crop
- 7 produced at the crop site if the department has been prevented
- 8 from accessing the site under this section.
- 9 Sec. 10. NEW SECTION. 204.10 Order of disposal.
- 10 l. If a crop that is produced at a licensee's crop site
- 11 does not qualify as hemp according to an official test
- 12 conducted pursuant to section 204.8, the department shall order
- 13 the disposal of the crop by destruction at the site or if
- 14 necessary require the crop to be removed to another location
- 15 for destruction.
- 16 2. The department may request assistance from a law
- 17 enforcement agency necessary to carry out this section. The
- 18 department upon request shall deliver any sample of the crop
- 19 to the law enforcement agency.
- 20 3. The licensee shall pay for all actual and reasonable
- 21 costs of the destruction. If the department assumes any of the
- 22 amount of costs, it may charge that amount to the licensee.
- 23 If the licensee fails to reimburse any of that amount to the
- 24 department, the department may report the amount to the county
- 25 treasurer. The amount shall be placed upon the tax books,
- 26 and collected with interest and penalties after due, in the
- 27 same manner as other unpaid property taxes. The county shall
- 28 reimburse the department within thirty days from the collection
- 29 of the property taxes.
- 30 4. To the extent allowed by applicable federal law, the
- 31 department may provide for the disposal of the mature stalks
- 32 of the crop confiscated by the department for the licensee's
- 33 on-farm use and at the licensee's expense.
- 34 Sec. 11. NEW SECTION. 204.11 Disciplinary action.
- 35 1. The department may suspend or revoke a hemp license

- 1 obtained under section 204.4 by a person who does any of the
- 2 following:
- 3 a. Provides false or misleading information to the
- 4 department under this chapter, including by submitting a false
- 5 application.
- 6 b. Fails to comply with or violates any provision of this
- 7 chapter, including a rule adopted by the department or a
- 8 condition of an application for the issuance of a hemp license.
- 9 c. Fails to comply with an order issued by the department
- 10 under this chapter.
- 11 2. The suspension or revocation of a hemp license is in
- 12 addition to an order of disposal under section 204.10; the
- 13 imposition of a civil penalty under section 204.12, subject
- 14 to the provisions of section 204.14; or the imposition of any
- 15 other civil or criminal penalty authorized under state law,
- 16 subject to the provisions of section 204.14.
- 17 Sec. 12. NEW SECTION. 204.12 Civil penalties.
- 18 1. A person who violates a provision of this chapter is
- 19 subject to a civil penalty of not less than five hundred
- 20 dollars and not more than two thousand five hundred dollars.
- 21 The department shall assess and collect the civil penalty.
- 22 Each day that a continuing violation occurs may be considered a
- 23 separate offense.
- 24 2. Notwithstanding subsection 1, a civil penalty shall not
- 25 be assessed against a licensee for a violation that results
- 26 in the disposal of the licensee's crop under section 204.10,
- 27 if the department obtains a sample of the crop produced on
- 28 the licensee's crop site and the official test results of the
- 29 sample conducted pursuant to section 204.8 indicates a maximum
- 30 concentration of delta-9 tetrahydrocannabinol not in excess of
- 31 two percent on a dry weight basis.
- 32 3. All civil penalties collected under this section shall be
- 33 deposited into the general fund of the state.
- 34 Sec. 13. NEW SECTION. 204.13 Injunctive relief.
- 35 The department or the attorney general acting on behalf of

- 1 the department may apply to the district court for injunctive
- 2 relief in order to restrain a person from acting in violation
- 3 of this chapter. In order to obtain injunctive relief, the
- 4 department shall not be required to post a bond or prove the
- 5 absence of an adequate remedy at law unless the court for
- 6 good cause otherwise orders. The court may order any form
- 7 of prohibitory or mandatory relief that is appropriate under
- 8 principles of equity, including but not limited to issuing a
- 9 temporary or permanent restraining order.
- 10 Sec. 14. NEW SECTION. 204.14 Negligent violations.
- 11 1. a. The department may find that a licensee has
- 12 negligently violated a provision of this chapter by doing any
- 13 of the following:
- 14 (1) Completing an application for a hemp license without
- 15 providing a legal description of the crop site pursuant to
- 16 section 204.4.
- 17 (2) Failing to renew a hemp license or obtain a license for
- 18 a new crop site pursuant to section 204.4.
- 19 (3) Producing a crop on the licensee's crop site with a
- 20 maximum concentration of delta-9 tetrahydrocannabinol in excess
- 21 of three-tenths of one percent according to the results of an
- 22 official test conducted of a sample obtained from the crop site
- 23 pursuant to section 204.8.
- 24 b. In making its finding under paragraph "a", the
- 25 department must determine that the licensee acted with a
- 26 culpable mental state of negligence. It is conclusively
- 27 presumed that a licensee acted with a culpable mental state
- 28 greater than negligence, if the department obtains a sample
- 29 of a crop produced on the licensee's crop site and the
- 30 official test results of the sample conducted pursuant to
- 31 section 204.8 indicates a maximum concentration of delta-9
- 32 tetrahydrocannabinol in excess of two percent on a dry weight
- 33 basis.
- 34 c. If the department determines a licensee violated this
- 35 chapter with a culpable mental state greater than negligence,

- 1 the department shall immediately report the licensee to the
- 2 county attorney and the attorney general, who shall take action
- 3 as the facts and circumstances warrant. The department shall
- 4 also report the licensee to the United States attorney general
- 5 to the extent required by the federal hemp law.
- 6 2. The department may establish a negligent violation
- 7 program. The purpose of the program is to allow a
- 8 participating licensee who has negligently violated a provision
- 9 of this chapter as described in subsection 1 to comply with a
- 10 corrective plan established by the department to correct each
- 11 negligent violation, including by providing for all of the
- 12 following:
- 13 a. A reasonable date, established by the department, for the
- 14 licensee to correct any cause for the violation.
- 15 b. That the licensee periodically report to the department
- 16 evidence that the licensee is complying with the requirements
- 17 of this chapter. The licensee shall submit a report to the
- 18 department for at least two years from the date that the
- 19 licensee first participated in the program.
- 20 3. A licensee who is participating in the negligent
- 21 violation program shall not be subject to criminal enforcement
- 22 action by the state, or the imposition of criminal or civil
- 23 penalties, including as provided in section 204.12.
- 24 4. A licensee who negligently violates a provision of this
- 25 chapter more than three times in any five-year period shall
- 26 be ineligible to be issued a hemp license pursuant to section
- 27 204.4 for a period of five years beginning on the date of the
- 28 third violation.
- 29 5. A licensee convicted of a felony relating to a controlled
- 30 substance before, on, or after the implementation date of this
- 31 chapter shall be ineligible to produce hemp under this chapter
- 32 for a ten-year period following the date of conviction.
- 33 6. Any person who materially falsifies any information
- 34 contained in an application to participate in the negligent
- 35 violation program shall be ineligible to participate in the

- 1 program.
- 2 Sec. 15. NEW SECTION. 204.15 Statutory construction.
- 3 Nothing in this chapter shall be construed or applied to be
- 4 less stringent than required under the federal hemp law.
- 5 Sec. 16. CONTINGENT IMPLEMENTATION.
- 6 l. Except as provided in subsection 2, the provisions of
- 7 chapter 204, as enacted in this division of this Act, shall
- 8 only be implemented, including administered and enforced, by
- 9 the department of agriculture and land stewardship beginning on
- 10 the publication date of the edition of the Iowa administrative
- 11 bulletin that includes a statement by the secretary of
- 12 agriculture of the department of agriculture and land
- 13 stewardship certifying that the United States department of
- 14 agriculture has approved a state plan as described in section
- 15 204.3, as enacted in this division of this Act. The department
- 16 shall forward a copy of the statement to the Iowa Code editor
- 17 prior to publication.
- 2. Section 204.3 and this subsection shall be implemented on
- 19 the effective date of this Act.
- 20 Sec. 17. EFFECTIVE DATE. This division of this Act, being
- 21 deemed of immediate importance, takes effect upon enactment.
- 22 DIVISION II
- 23 COORDINATING AMENDMENTS
- Sec. 18. Section 189.1, subsection 1, Code 2019, is amended
- 25 to read as follows:
- 26 1. "Article" means food, commercial feed, agricultural seed,
- 27 commercial fertilizer, drug, pesticide, hemp, and paint, in the
- 28 sense in which they are defined in the various provisions of
- 29 this subtitle.
- 30 Sec. 19. NEW SECTION. 317.1D Hemp production.
- 31 This chapter does not apply to a plant or any part of the
- 32 plant qualifying as hemp, if the hemp is produced on a crop
- 33 site regulated by the department of agriculture and land
- 34 stewardship under chapter 204.
- 35 Sec. 20. NEW SECTION. 453B.17 Exception hemp.

- 1 1. This chapter does not apply to a plant or any part of 2 the plant qualifying as hemp, if the hemp is produced or was 3 produced on a crop site in compliance with chapter 204 or the
- 4 hemp was produced in another state in accordance with federal
- 5 hemp law as defined in section 204.2. 2. Nothing in this chapter applies to a person producing, 7 handling, transporting, marketing, or processing a hemp product
- 8 as defined in section 204.2.
- Sec. 21. CONTINGENT EFFECTIVE DATE. The amendment to
- 10 section 189.1, subsection 1, and new sections 317.1D and
- 11 453B.17, as enacted in this division of this Act, shall become
- 12 effective upon the date of implementation of chapter 204 as
- 13 described in subsection 1 of the section providing for the
- 14 contingent implementation of that chapter, as enacted in
- 15 division I of this Act.
- 16 **EXPLANATION**
- 17 The inclusion of this explanation does not constitute agreement with the explanation's substance by the members of the general assembly. 18
- OVERVIEW. This bill creates the "Iowa Hemp Act" under Title 19
- 20 V, subtitle 4, of the Code regulating persons operating under
- 21 licenses issued by the department of agriculture and land
- 22 stewardship (DALS). The bill creates Code chapter 204 and
- 23 authorizes the production of hemp under the DALS' regulatory
- 24 supervision when acting under the provisions of the Agriculture
- 25 Improvement Act of 2018, Pub. L. No. 115-334 (2018 Farm Bill).
- 26 The 2018 Farm Bill defines hemp as a species of Cannabis having
- 27 a maximum concentration of delta-9 tetrahydrocannabinol (THC)
- 28 that does not exceed three-tenths of 1 percent. The 2018 Farm
- 29 Bill authorizes states to assume primary regulatory authority
- 30 over the production of hemp by submitting a state plan (plan)
- 31 for approval by the United States department of agriculture
- 32 (USDA) which has 60 days to approve, disapprove, or amend the
- The 2018 Farm Bill provides that state regulations may
- 34 be more but not less stringent than the federal regulations.
- 35 HEMP LICENSES AND FEES. DALS is required to accept and

- 1 approve or disapprove applications for the issuance of a hemp
- 2 license (license) on a one-year basis subject to renewal. A
- 3 license covers a crop site which cannot exceed 40 contiguous
- 4 acres. DALS may issue any number of licenses to a single
- 5 applicant. However, a person is prohibited from holding more
- 6 than 40 crop sites under all current licenses issued to the
- 7 person. DALS must assess and collect hemp fees (fees) for the
- 8 issuance of a license and for an annual fall inspection until
- 9 June 30, 2022. After that date, fees are to be established by
- 10 rule based on the amount required to administer and enforce the
- 11 provisions of the bill. Moneys collected from the fees are to
- 12 be deposited into a hemp fund (fund) which are appropriated
- 13 to DALS for purposes of administering and enforcing these
- 14 provisions.
- 15 REGULATIONS. DALS may adopt rules regulating the
- 16 production, handling, transporting, or marketing of hemp which
- 17 was produced on a licensee's crop site. In addition, hemp
- 18 produced on a licensed crop site under new Code chapter 204 or
- 19 produced in another state under the federal hemp law is not a
- 20 controlled substance. Generally, production, possession, or
- 21 distribution of a controlled substance is a criminal offense.
- 22 The bill provides that a person is not prohibited from
- 23 producing, handling, transporting, marketing, or processing a
- 24 hemp product. DALS is required to conduct an annual inspection
- 25 of a licensee's crop site and obtain a sample for official
- 26 testing by a laboratory designated by DALS. In addition to
- 27 an annual inspection, DALS may enter onto a crop site during
- 28 reasonable hours to determine whether a licensee is acting in
- 29 compliance with the bill's requirements and may obtain a sample
- 30 of the crop for official testing.
- 31 ENFORCEMENT AND PENALTIES. DALS may order the disposal of
- 32 a crop produced on a licensee's crop site if official test
- 33 results indicate that a crop does not qualify as hemp. The
- 34 disposal, including the crop's destruction, must be at the
- 35 licensee's expense. DALS may also suspend or revoke a license

- 1 if the licensee fails to comply with a requirement of the bill.
- 2 A person who violates a provision of the bill is subject to a
- 3 civil penalty of not less than \$500 and not more than \$2,500.
- 4 DALS or the attorney general may apply to district court to
- 5 obtain an injunction to enforce the bill's provisions. DALS
- 6 may establish a program to correct certain violations committed
- 7 negligently by a licensee including producing a crop having a
- 8 maximum THC concentration that does not exceed 2 percent.
- 9 CONTINGENT IMPLEMENTATION AND EFFECTIVE DATE. Generally,
- 10 the bill's provisions are to be implemented when DALS certifies
- 11 USDA has approved DALS' state plan.
- 12 EFFECTIVE DATES. The bill takes effect upon enactment
- 13 except for those provisions which make enactment contingent
- 14 upon implementation of Code chapter 204 which take effect on
- 15 July 1, 2019.